



**STATE OF MISSISSIPPI**  
RONNIE MUSGROVE, GOVERNOR  
**MISSISSIPPI DEVELOPMENT AUTHORITY**  
J. STEPHEN HALE  
EXECUTIVE DIRECTOR

**Single Audit Management Report**

November 17, 2003

Mr. Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

This letter is in response to your letter of October 30, 2003 concerning the Single Audit Findings for the Mississippi Development Authority (MDA) for the fiscal year ended June 30, 2003. We are pleased to note that no reportable conditions were considered to be material weaknesses. Our responses to the five non-material reportable conditions are as follows:

CFDA Number and Program Name  
14.239 HOME Investment Partnerships Program  
Federal Award Number and Year: Various

03-01.1 Written Policies and Procedures Should be Established for Program Income

Response: MDA concurs that policies and procedures should be established for the proper tracking of program income from HOME grant funds that are loaned to developers for new construction rental projects. MDA is aware of which recipients will generate the program income and when the income is scheduled to be received. Repayment from the developer is due ten to twelve years from the date of the recorded promissory note/recorded deed of trust. Currently, the earliest scheduled repayment date is 2005.

Corrective  
Action Plan: MDA will develop a reporting and tracking system for receipt of program income from HOME grant funds that are loaned to developers for new construction rental projects. Recipients will be required to submit the recorded Deed of Trust to MDA. A policy statement will be issued requiring all program income to be reported and returned to MDA. Program Income will be included in monitoring procedures to ensure compliance with the policy statement.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program  
Federal Award Number and Year: M-02-28-0100, 2002

03-02 Policies and Procedures Should be Established to Ensure Compliance with Real Property Acquisition and Relocation Assistance Requirements

Response: MDA does have monitoring tools for Acquisition/Relocation Assistance for the HOME Program. The Assurances in the contract signed by the recipient include the Acquisition/Relocation Act and states that the recipient will comply. However, MDA failed to include the section on Acquisition/Relocation in the 2002 Implementation Manual.

Corrective

Action Plan: MDA has included policies and procedures in the 2003 HOME Implementation Manual to ensure that recipients are aware of all requirements pertaining to the Acquisition/Relocation Act.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program  
Federal Award Number and Year: Various

03-03 Internal Controls Should be Strengthened for Monitoring Subrecipient Audit Requirements

Response: MDA concurs with the finding. MDA has requested the necessary information from the subrecipients for its files.

Corrective

Action Plan: MDA will revise its procedures to include additional review measures of subrecipients' audits to ensure that the appropriate information is received and required action is taken.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program  
Federal Award Number and Year: Various

03-04 Internal Controls Should be Strengthened Over Subrecipient Monitoring

Response: MDA concurs with this finding.

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Corrective

Action Plan: MDA will continue its efforts to ensure that the supervisor appropriately reviews monitoring files and signs the monitoring report. In addition, greater care will be taken to provide adequate documentation within the monitoring files to describe the procedures performed and documents reviewed.

CFDA Number and Program Name

14.239 HOME Investment Partnerships Program  
Federal Award Number and Year: Various

03-05 Internal Controls Should be Strengthened Over Period of Affordability Inspections

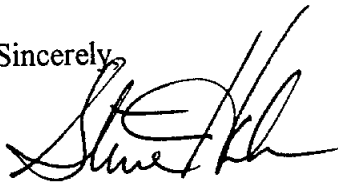
Response: MDA concurs with this finding.

Corrective

Action Plan: MDA is currently developing a new tracking system. A process will be implemented to sort all new construction projects using a separate account code within our accounting system. Lease purchase projects will also be coded as new construction to ensure proper affordability inspections. In addition, the tracking system will indicate inspection due dates. These will provide checks and balances to ensure that all affordability inspections are performed timely.

We appreciate the professional manner in which the audit team conducted this audit. If you have any questions concerning this response, please contact Lynda Dutton at 359-2917.

Sincerely,



J. Stephen Hale  
Executive Director

cc: Lynda Dutton  
Sam Mozee